

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT:

APVAT Act, 2005 – Law relating to levy of Tax on works contracts -  
Tax deduction at source by the PAO's – Certain problems noticed –  
Committee constituted for study of provisions in Act and Rules and to  
make recommendations – Orders - Issued.

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REVENUE (CT.II) DEPARTMENT

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G.O.Ms.No.994

Dated: 07/08/2008.  
Read the following:

1. G.O.Ms.No.88, Rev. (CT.II) Deptt., dt.27.1.2007.
2. From the CCT, Ref.No.AIII(1)/253/2006, dt.3.8.2007.

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O R D E R:

Levy & collection of VAT on Works Contracts contained in sub-section 7 of Section 4 of APVAT Act, 2005. The provisions relating to deduction of Tax at source from the dealers executing works contracts and the relevant rules in the APVAT Rules, 2005, have undergone changes based on the problems faced in implementation in the field and on account of orders of the Hon'ble High Court of Andhra Pradesh in the L&T case striking down Sections 22(3) & (4) relating to Tax collection at source and Tax deduction at source. Even then the contractors are representing that the provisions have become complicated and difficult to understand. Government is receiving many representations time and again complaining about complexity of the provisions of the Act and Rules resulting in revision of their assessments by the authorities of Commercial Taxes Department.

2. Government have decided to appoint a Committee to examine the provisions of APVAT Act, 2005 and Rules there under relating to works contracts and to make recommendations for making the provisions relating to works contractors more simple and enable both the dealer and official, to understand them clearly. The Group of Ministers for VAT implementation have also agreed for the proposal in the meeting held on 4.8.2008.

3. The Government after careful examination of the matter, hereby constitute a Committee consisting of the following Members for studying the existing provisions of APVAT Act, 2005 and Rules made there under relating to Works Contracts in detail and to suggest measures for further simplification of the provisions so as to solve the problems faced by the contractors in implementation and for ensuring wider compliance.

1. Sri B.Laxmiprasad, Addl. Commissioner CT (Policy)
2. Sri P.V.Subba Rao, Rtd. Joint Commissioner, CT Dep't.,
3. Sri N.Surender Babu, Member, Builders Association of India.
4. Sri S.N.Reddy, AP Chairman, Builders Association of India.  
(Cell No.9848097575)
5. Sri C.Shekhar Reddy, representing Builders Forum of AP.
6. Smt.Revathi Rohini, Deputy Commissioner, CT, Panjagutta,  
Hyderabad.
7. Samyuktha Rani, Assistant Commissioner (CT) (LTU) Abids  
Division, Hyderabad.

4. The above Committee shall meet as frequently as necessary for studying the existing provisions relating to Works Contracts in detail and to suggest measures for simplification of the provisions in APVAT Act, 2005 and the rules made there under in such a way that they can be easily understood by both the contractors and also the officials vested with authority to collect/deduct Taxes at source and the officers of the Commercial Taxes Dep't., at field level. The Committee may

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also interact by holding meetings with the contractors of different categories at various levels in the field to identify their problems, the Bar Council and also study the law in force in other States and making suitable recommendations.

5. The Officer at Sl.No.1 shall be the Convenor of the Committee and shall see that the meetings of the committee are organized regularly and the report of the recommendations is prepared and sent within (3) months of their first meeting.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**G.SUDHIR**  
**PRINCIPAL SECERTARY TO GOVERNMENT.**

To

1. Sri B.Laxmiprasad, Addl. Commissioner CT (Policy)
2. Sri P.V.Subba Rao, Rtd. Joint Commissioner, CT Dep't.,
3. Sri N.Surender Babu, Member, Builders Association of India.
4. Sri S.N.Reddy, AP Chairman, Builders Association of India.  
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5. Sri C.Shekhar Reddy, representing Builders Forum of AP.
6. Smt.Revathi Rohini, Deputy Commissioner, CT, Panjagutta,  
Hyderabad.
7. Samyuktha Rani, AC (CT) (LTU) Abids Division, Hyderabad.

Copy to:

The Commissioner of Commercial Taxes, AP, Hyderabad.  
The PS to Hon'ble Minister (CT).  
The PS to Principal Secretary, Revenue Department.  
The Finance (W&P) Dep't., Sectt., Hyderabad.  
Sf/Sc.

//forwarded :: by order//

Section Officer.